

63-254 Calculating Net Income and Allotment

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63-254.1 Net Monthly Income Calculation

Net income is the total gross income, minus deductions.

To determine net income, count exact dollars and cents throughout the entire calculation process.

- Round down the final figure for calculations ending in 1 through 49 cents;
 - Round up the final figure for calculations ending in 50 through 99 cents.
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63-254.2 Calculating Net Monthly Income for Households without Any Elderly or Disabled Members

Households without any elderly or disabled (elderly/disabled) members that are NOT Categorical Eligible (CE) or Modified Categorical Eligible (MCE) must have total:

- Gross income at or below 130% of the Federal Poverty Level (FPL) **and**
- Total net income at or below 100% of FPL to be eligible to CalFresh and to qualify for CalFresh benefits.

CE and MCE households are not required to pass either the gross or the net income test.

Refer to:

- [63-221.1-3](#), Income Tests and Gross Income

- [63-281](#), Determination of Eligibility (SAR)
- [63-120.7-13](#), Modified Categorical Eligibility

Follow the steps listed in the table below to determine net monthly income manually for SAR households without any elderly/disabled members (note that CalWIN determines net monthly income when case information is entered in data collection):

Step	Action
A. GROSS INCOME	
1	Determine the household's gross monthly income: <ol style="list-style-type: none"> Add the monthly unearned income amount that can be anticipated of all household members (See 63-282); Add the gross monthly earned income that can be anticipated for all household members (See 63-282); Deduct the obligated child support paid.
2	For non-CE/MCE households apply the Gross Income Test (130% FPL): Compare total income (from Step 1) to the maximum gross income allowable for the household size as shown in the Income Eligibility Standards Table in 63-1101.3 . If the household's total income is: <ul style="list-style-type: none"> • More than the gross income limit, the household is ineligible • Equal or less than the gross income limit, continue to determine net income limit
B. NET INCOME	
3	<i>Unearned Income</i> <ol style="list-style-type: none"> Add the total unearned income (from Step 1a) Deduct the legal obligated child support paid (subtract the remainder, if any at Step 4d)
4	<i>Earned Income</i> <ol style="list-style-type: none"> Add the total gross earned income (from Step 1b) Multiply the total gross earned income by 20% Subtract Step 4b from Step 4a. This is the <i>Earned Income Deduction</i> Deduct the remainder of the legal child support paid (left from Step 3b)
5	<i>Adjusted Gross Income</i> Add the total unearned income (from Step 3) and the total gross earned income (from Step 4).
6	<i>Adjusted Net Income</i> From the total adjusted gross income (Step 5) subtract: <ol style="list-style-type: none"> The standard deduction;

	b. Monthly dependent care expenses; c. The homeless shelter deduction
7	<i>Excess Shelter Cost Computation</i> a. Add the allowable shelter expenses, SUA and rent/mortgage, to determine total shelter cost (unless you already allowed the homeless shelter deduction); b. Determine 50% of the Adjusted Net Income (from Step 6); c. Subtract from the total shelter costs 50% of the household's Adjusted Net Income (Step 7a - Step 7b). This is the <i>Excess Shelter Cost</i> . ➤ If there is excess shelter cost, continue to Step 8 ➤ If there is no excess shelter cost, this is the Net Monthly Income
8	Subtract the excess shelter deduction, up to the current maximum (Section 63-1102), from the household's Adjusted Net Income (Step 6 - Step 7) <i>This is the Net Monthly Income</i>
9	For non-CE/MCE households, <i>if the household's Net Monthly Income is below the maximum net income allowable for the household size (refer to table in Section 63-1101.3), the household is eligible to CalFresh (if otherwise eligible)</i> Refer to 63-254.6 to determine the household's allotment

To compute a budget manually, use the CalFresh Budget Worksheet [CF 285 SAR](#), or the [Scratch Budget](#).

NOTE: Follow the steps listed in [Section 63-254.3](#) to determine the net monthly income of households that include an elderly or disabled member.

63-254.3
Calculating Net
Monthly Income
of Households
That Include an
Elderly or
Disabled Member

Households with at least one elderly or disabled member who are not Categorical Eligible (CE) or Modified Categorical Eligible (MCE) must meet only the net monthly income standards (Net Income Eligibility Test).

NOTE: A household with a member, who is 59 years old on the date of application but will become 60 before the end of the month of application, will be considered an elderly/disabled household (see [63-1103.1](#)).

Refer to:

- [63-1103.2](#) for the definition of disabled
- [63-1104](#) to determine if an elderly or disabled household member living with others can qualify as a separate household
- [63-221.1-3](#), Income Tests and Gross Income

Follow the steps listed in the table below to manually determine the

net monthly income of a household that includes a member who is elderly or disabled:

Step	Action
<i>Do not determine the gross income test when the households includes an elderly/disabled member</i>	
1	<p>Determine the household's gross monthly unearned income:</p> <ul style="list-style-type: none"> a. Add the total monthly unearned income of all household members that can be anticipated b. Deduct the legal obligated child support paid (subtract any remaining amount from the gross earned income in Step 2)
2	<p>Determine the household's total gross monthly earned income:</p> <ul style="list-style-type: none"> a. Add the gross monthly earned income of all household members that can be anticipated; b. Multiply the total gross earned income by 20% c. Subtract the amount in Step 2b from Step 2a. This is the <i>Earned Income Deduction</i>: d. Deduct any remaining legal obligated child support paid (left from 1b). This is the adjusted gross earned income <p>If there is no unearned income, deduct the total obligated child support</p>
3	<p>Adjusted Gross Income</p> <p>Add the total unearned income from Step 1 to the total adjusted gross earned income from Step 2 (Step 1 + Step 2).</p>
4	<p>Adjusted Net Income</p> <p>From the total adjusted gross income (Step 3) subtract:</p> <ul style="list-style-type: none"> a. The standard deduction; b. The excess (over \$35) medical expense, c. The monthly dependent care expense, and d. The homeless shelter deduction (If not homeless go to Step 5)
5	<p>Shelter Deduction Computation</p> <ul style="list-style-type: none"> a. Add the total the allowable shelter expenses, SUA and rent/mortgage to determine the shelter cost (unless you already allowed the homeless shelter deduction). b. Determine 50% of the Adjusted Net Income (from Step 4) c. Subtract from the total shelter cost 50% of the household's Adjusted Net Income (Step 5a – Step 5b) d. The entire amount, if any, is the shelter cost
6	<p>Subtract the shelter cost from the household's Adjusted Net Income (Step 4 – Step 5).</p>

	<i>The remainder is the Net Monthly Income.</i>
7	For non-CE/MCE households, <i>if the household's Net Income is below the maximum net income allowable for the household size (refer to table in Section 63-1101.3)</i> , the household is eligible to CalFresh. Refer to 63-254.6 to determine the household's allotment

To compute a budget manually, use the CalFresh Budget Worksheets [DFA 285 D](#) for Change Reporting households, the [CF 285 SAR](#) for SAR households or the [Scratch Budget](#).

63-254.4
Example:
Calculating Net
Monthly Income
of Households
That Include an
Elderly or
Disabled Member

The household consists of a mother, child and an elderly grandmother. The grandmother purchases and prepares meals with her daughter and grandchild.

The total combined monthly unearned income is \$2,121 (MCE household). The household pays \$1,200 for rent and is entitled to the Standard Utility Allowance (SUA = \$373). The medical expenses are \$235 per month, of which \$200 is the medical deduction (the amount in excess of \$35).

The computation to determine benefits for the household is as follows:

Step	Action	
<i>The household is exempt from the gross income test (130% of FPL) due to the elderly/disabled member</i>		
1	a. Add the total monthly unearned income of all household members that can be anticipated and b. Deduct the legal obligated child support paid (\$2,121-\$0):	\$2,121
2	a. Add the total gross earned income of all household members that can be anticipated: b. Subtract the earned income deduction (20%) and c. Deduct any remaining legal obligated child support paid	\$0
3	Adjusted Gross Income Add total unearned income plus the adjusted gross earned income (Step 1 + Step 2) [\$2,121+\$0]	\$2,121
4	Adjusted Net Income From the total adjusted gross income (Step 3) subtract:	\$2,121
	a. The standard deduction:	- \$155
	b. The excess medical expense [\$235-\$200]:	- \$200
	c. The monthly dependent care cost:	- \$0
	d. The homeless shelter deduction:	- \$0
	Adjusted Net Income:	\$1,766

5	Shelter Deduction Computation			
		Rent:	\$1,200	
		SUA:	+ \$373	
	a.	Total Shelter Cost:	\$1,573	
	b.	50% of Adjusted Net Income	$(\$1,766/2) = \883	
	c.	Subtract from the total shelter cost 50% of Adjusted Net Income (5a – 5b)	\$1,573 - \$883	
	d.	Allowable shelter deduction:	\$690	
6	Net Income Computation			
	Subtract the shelter cost from the adjusted net income:	\$1,769	The shelter deduction is not limited to the Maximum Shelter Deduction of \$490 for households with elderly or disabled members,	
		- \$690		
		\$1,079		
	Net Income:			
7	Do not compute the Net Income Test because the household is MCE Refer to 63-254.6 to determine the household's allotment			

63-254.5
Change in
Household
Circumstances
and Income
Eligibility Test

When household's circumstances change they become subject to a different income eligibility test.

Apply the different test at the next recertification or whenever the household's benefit are re-determined, whichever occurs first.

Refer to **63-272.7** and **8**.

63-254.6
CalFresh
Allotment
Computation

A. CALFRESH ALLOTMENT TABLE

Determine Change Reporting and SAR household's monthly allotment from the CalFresh Allotment Tables on the basis of household size and net income, as issued and updated by the United States Department of Agriculture (USDA).

The CalFresh Allotment Table is located in [63-1101.5](#).

B. MANUAL ALLOTMENT LEVEL DETERMINATION (Not using the Allotment Table)

Step	Action
1	<p>Determine the household's total net income (see 63-254.2 and 63-254.3)</p> <p><i>NOTE: If the household is not CE or MCE, the monthly gross and/or net income (63-221.1), must be within the</i></p>

	<i>income and eligibility allowable standards (63-1101.3)</i>
2	Determine the maximum allotment for the household size according to the CalFresh Maximum Allotment Table (63-1101.2)
3	Multiply the net monthly income as determined in Step 1 by thirty percent (30%). Round the product up to the next whole dollar if ending in 1-99 cents
4	To obtain the CalFresh allotment, subtract the amount determined in Step #3 above from the maximum allotment for the household size in Sep 2

EXAMPLE

Step	Action
1	The total net income of a household of four (4) is \$725
2	The maximum allotment for a household size of 4 (as of October 2014) is \$649
3	Multiply the net monthly by 30%: \$725 x 30%=\$217.5 rounded up to \$218
4	Subtract the amount in #3 above (\$218) from the maximum allotment for a household size of 4 (\$649): \$649 - \$218 = \$431

C. DETERMINING ALLOTMENT LEVEL (Using the CalFresh Allotment Table)

The monthly allotment can be also determined using the CalFresh Allotment Tables located in [63-1101.5](#).

EXAMPLE

A CalFresh household of 4 has a net monthly income of \$725. Under the “Monthly Net Income” column in the CalFresh Allotment Table ([63-1101.5](#)) in page 7, find row “724 - 726.” The CalFresh allotment for 4 persons is \$431.

See “[How to Use the CalFresh Allotment Tables](#)” desk aid.

63-254.7
Minimum
Monthly
Allotment

CALFRESH MINIMUM ALLOTMENT: \$16 EFFECTIVE 10/2014

A. CE AND MCE HOUSEHOLDS

1. Households with one and two members will receive at least the minimum allotment even if they do not pass the Net Income Test.
2. Households with three or more members will receive an allotment as determined by their household size and net income according to the [CalFresh Allotment Table \(63-1101.5\)](#) even if they do not pass the Net Income Test. Refer to [63-254.6](#).

If a household is entitled to zero benefit according to the CalFresh Allotment Table, the household will be denied or discontinued for exceeding the net income limits.

Exception: The case will not be denied if the household is CE or the zero benefit level is due to initial month proration.

B. NON-CE OR MCE HOUSEHOLDS

1. Households with one or two members that pass the Net Income Test will receive at least the minimum monthly allotment. Households that do not pass the Net Income Test are not eligible for CalFresh.
2. Households with three or more members that pass the Net Income Test will receive an allotment as determined by their household size and net income according to the [CalFresh Allotment Table \(63-1101.5\)](#). Households that do not pass the Net Income Test are not eligible for CalFresh.

See the "[How to use the CalFresh Allotment Table](#)" desk aid.

NOTE:

Do not issue benefits for the initial month if the minimum allotment is less than \$10 ([63-251.2](#)). However, if the household is entitled to benefits in subsequent months, certify the household beginning with the month of application ([63-254.11](#)).

Households with three or more members that are entitled to benefits for the initial month but not the following month will be certified for the initial month and discontinued the following month if the household is prospectively ineligible ([63-254.8](#)).

Ongoing household entitled to \$1, \$3, and \$5 allotments will receive allotments of \$2, \$4, and \$6 respectively.

Refer to:

- [63-120](#) for CE and MCE information.
 - [63-254.6](#), CalFresh Allotment Computation
 - [63-254.10](#) Net Income Test exceeds the Maximum Level
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